

Message Text

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46

ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-20 STR-08

CEA-02 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01 SCEM-02

INT-08 DRC-01 /168 W

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R 051009Z DEC 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 1435

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EO 11652 NA

TAGS EFIN, KS

SUBJECT: 1974 BUDGET PASSES NATIONAL ASSEMBLY BASICALLY
AS SUBMITTED

REF A SEOUL A-360; B SEOUL 6912 C. CERP

1. FOLLOWING TWO MONTH PERIOD OF REVIEW, NATIONAL
ASSEMBLY ON DECEMBER 3 PASSED BALANCED 1974 BUDGET OF
805 BILLION

KWON. THIS REFLECTS TOKEN CUT OF 15 BILLION
WON (1.8 PER CENT) BELOW LEVELS APPROVED BY CABINET,
RESULTING IN INCREASE OF 22 PER CENT OVER BUDGETED
1973 LEVELS, INSTEAD OF PROPOSED 24 PER CENT INCREASE.

2. REVENUE REDUCTION CONFINED TO INCOME TAX COLLEC-
TIONS WHICH PRIMARILY REDUCED BY RAISING PERSONAL
INCOME TAX EXEMPTION IN 1974 FROM 15,000 TO 18,000

WON PER MONTH. ON EXPENDITURE SIDE, CAPITAL OUTLAYS
WERE REDUCED SIX BILLION WON AND CURRENT ACCOUNT
OUTLAYS NINE BILLION BELOW PROPOSED LEVELS (REDUCTION

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IN DEFENSE BUDGET NIL, OTHER DETAILS NOT YET AVAILABLE).

3. IN ADDITION, NATIONAL ASSEMBLY MADE TOKEN TEN BILLION WON REDUCTION IN GRAIN MANAGEMENT FUND LONG TERM BORROWING AUTHORITY FOR 1974, FROM PROPOSED 170 TO 160 BILLION WON.

4. COMMENT: THESE TOKEN BUDGET CHANGES BY NATIONAL ASSEMBLY WERE NOT UNEXPECTED AND ARE VIEWED AS EFFORT OF ADMINISTRATION TO "DEMONSTRATE" THAT LEGISLATURE NOT A COMPLETE RUBBER STAMP FOR LEGISLATION PROPOSED BY EXECUTIVE. OPPOSITION (NDP) PARTY SOUGHT LARGER CUTS AND VOTED AGAINST FINAL BILL. FINANCE MINISTER NAM RECOGNIZED PROBABLE IMPACT OF PETROLEUM SHORTAGES ON BUDGET FORECASTS DURING NATIONAL ASSEMBLY REVIEW, BUT SAID THAT CURRENT UNCERTAINTIES PRECLUDE EARLY DECISION AND THAT ANY RESULTANT CHANGES IN BUDGET WOULD BE HANDLED THROUGH BUDGET SUPPLEMENTS AS REQUIRED.

DECONTROL FOLLOWING DECEMBER 6, 1974.
UNDERHILL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, CENTRAL LEGISLATURE, BUDGET ESTIMATES
Control Number: n/a
Copy: SINGLE
Draft Date: 05 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SEOUL08193
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731243/aaaabfub.tel
Line Count: 82
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A SEOUL A-360; B SEOUL 6912 C. CERP
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 01 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01-Feb-2002 by collinp0>; APPROVED <08 MAR 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: 1974 BUDGET PASSES NATIONAL ASSEMBLY BASICALLY AS SUBMITTED
TAGS: EFIN, KS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005